

Budget (DRAFT) 2025-2026



Executive Summary

Yass Valley is a thriving rural region, much-loved for its strong sense of community, spectacular natural scenery, innovative local producers, and simple country lifestyle. Popular with tourists for its rich history, heritage, thriving arts and fantastic food and wine.

The 2025-26 Budget has been developed to support Yass Valley's Community Strategic Plan, with a focus on key priorities outlined. With Financial Sustainability as one of the key priorities, in formulating the budget 2025/26 budget and the Long Term Financial Plan it is very clear that Council has a financial sustainability challenge.

Financial Statement

As part of the suite of Integrated Planning and Reporting documents prepared by Council a breakdown of Council's finances helps to give context to the planned projects and activities outlined in the Operational Plan and Delivery Program. The 2025/2026 budget aims to achieve the objectives and strategies set out in the community strategic plan, with a projected Operating Result of a \$1.8 million deficit and a capital works budget of \$38 million.

The 2025/2026 budget has been developed considering Council's Delivery Program, changes to the economic climate, including rate peg increases, a review of fees and charges, balanced against inflationary and revenue pressures. Council has improved the projected 'Operating result before grants and contributions for Capital Purposes' for the 2025/26 financial year. The consolidated income statement, in Table A, shows the projected result for 2025/2026 compared to projections for 2025/26 as presented in the "2024-34 Long Term Financial Plan" last year.

Table A – Consolidated Income Statement

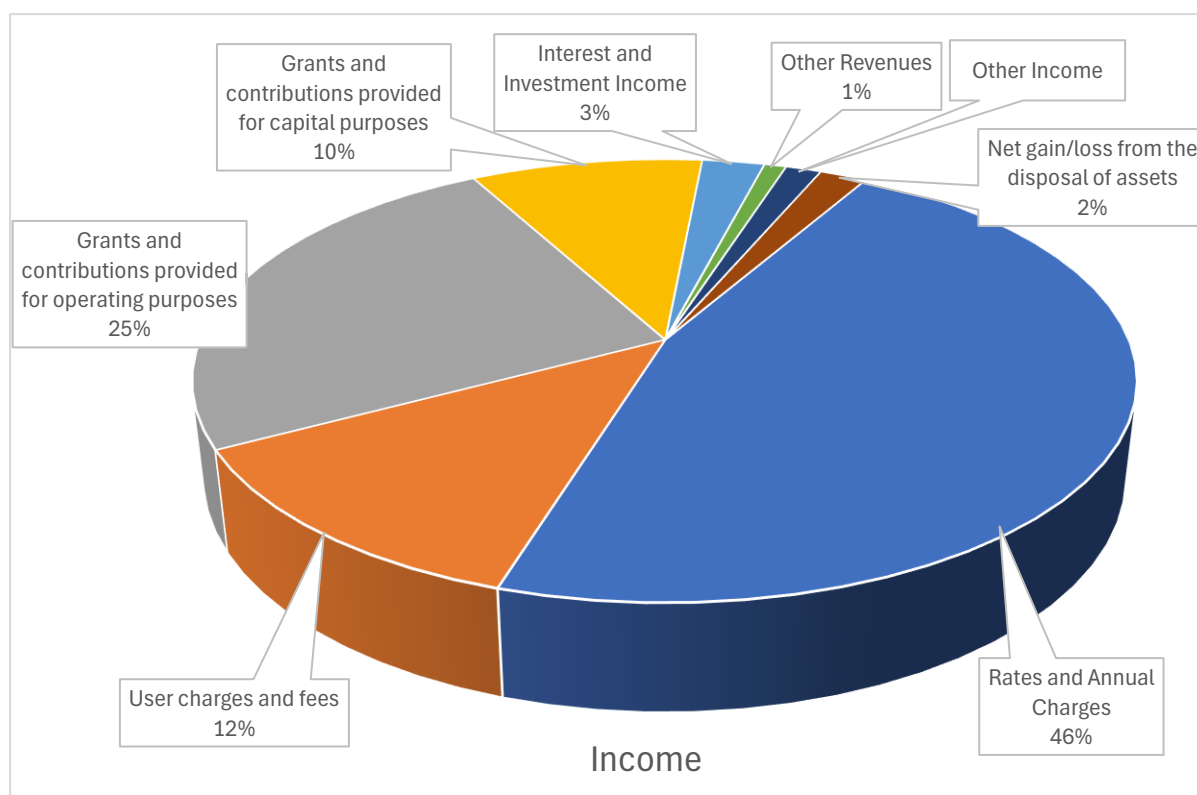
Income from Continuing Operations	2025-26 Budget (Previously reported)	2025-26 Budget (For Adoption)
Rates and Annual Charges	\$23,210,366	\$24,038,021
User charges and fees	\$6,407,255	\$6,417,739
Grants and contributions provided for operating purposes ¹	\$11,133,768	\$12,853,310
Grants and contributions provided for capital purposes ²	\$14,387,558	\$4,895,757
Interest and Investment Income ³	\$592,002	\$1,318,989
Other Revenues	\$340,283	\$463,690
Other Income ⁴	\$362,871	\$751,627
Net gain/loss from the disposal of assets	\$0	\$1,000,000
Total Income from Continuing Operations	\$56,434,103	\$51,739,133
Expenses from Continuing Operations	2025-2026 Budget (Previously reported)	2025-2026 Budget (For Adoption)
Employee benefits and on-costs	\$15,213,443	\$15,586,624
Materials and services	\$20,723,634	\$18,190,643
Depreciation, amortisation and impairment of non-financial assets	\$10,047,399	\$10,812,132
Borrowing costs	\$2,952,060	\$3,030,322
Other Expenses	\$1,002,654	\$1,066,847
Total Expenses from Continuing Operations	\$49,939,190	\$48,686,569
Operating result from Continuing Operations	\$6,494,913	\$3,052,564
Operating result before grants and Contributions for Capital Purposes	-\$7,892,645	-\$1,843,192

The 'Operating result before grants and contributions for Capital Purposes' for the 2025/26 financial year is showing a \$1.8 million deficit.

- 1) Some income received as 'Grants and Contributions provided for operating purposes' can be used by Council for capital purposes. In this respect, the projected deficit may be higher.
- 2) Grants and contributions provided for capital purposes as previously projected for 2025-26 included a level of grant funding of over \$10 million for capital works for bridges and low-level crossings. These works are planned to be completed during 2024-25 resulting in a reduced capital works program in 2025-26.
- 3) Interest and investment income is higher in the proposed budget for adoption due to the management of cashflow for short and long-term purposes with the level of funds being invested in 2025/26 being approximately \$10 million higher than the projections for 2025/26 outlined in the 2024-2034 Long Term Financial Plan.
- 4) The variation in other income is due to estimated changes in the valuation of assets.

Income Sources

The total income projected for 2025/2026 is \$51 million.

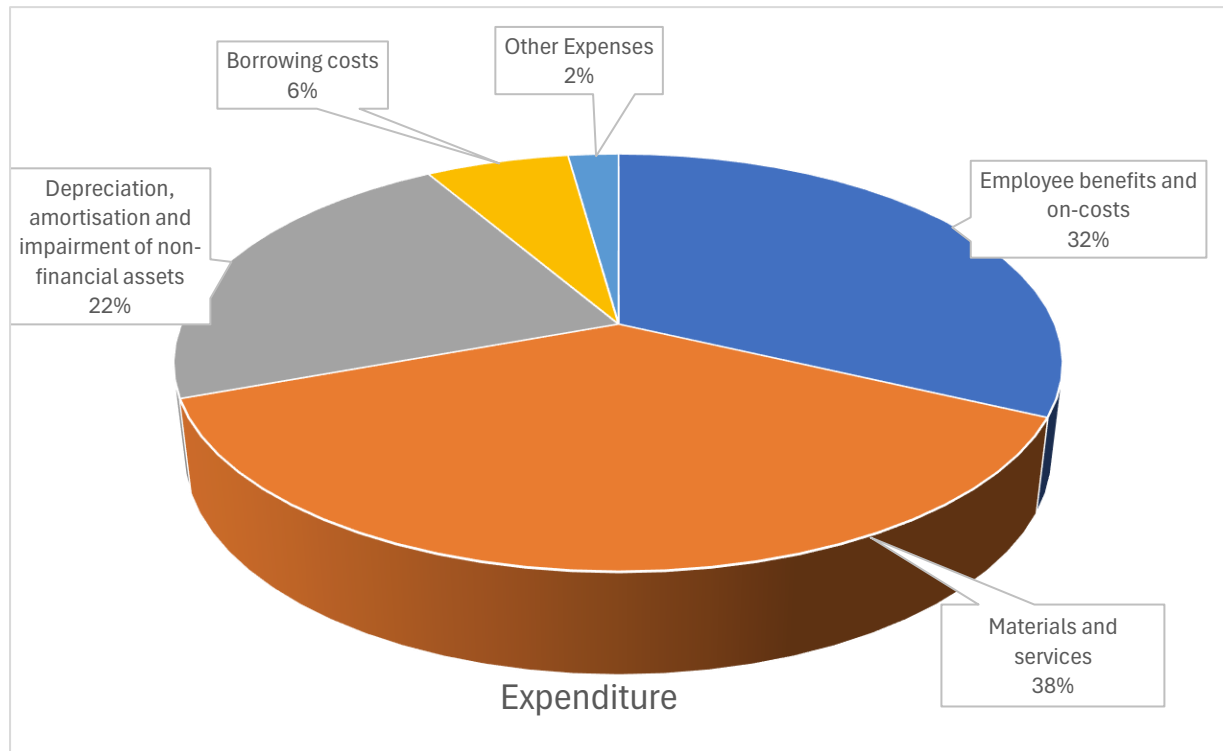


Assumptions used in projecting this income are:

- The rate pegging increase for Yass Valley Council of 4.1%
- A review of Council's Fees and Charges. Where the majority of Council's Fees and Charges that are not determined by legislation have increased by a minimum of 2.5%, the CPI figure from January 2024 to January 2025.
- Water and Sewer charges have increased by 4.1%
- When non-legislative fees and charges have increased higher than CPI a market based review has been undertaken.
- Grant and Contributions income for operating purposes is expected to be \$12.8 million
- Interest Income on Investments of \$1.3 million at an average interest rate of 4.8%. Noting this, Council anticipates current investment rates may reduce during the 2025/26 Financial Year and will reassess any movements during the required quarterly budget reviews.

Expenditure

The total expenditure for 2025/2026 is \$49m.



Assumptions in projecting this expenditure are:

- The award increase of 3% for Employee wages and salaries
- The increase of the Superannuation Guarantee Charge from 11.5% to 12%
- Inflation of 2.5% based on the January 2024 to January 2025 Consumer Price Index
- Borrowing costs based on the anticipated increase in the value of Council's borrowings due primarily to drawing the full value of the Crago Mill loan facility of up to \$50 million, as the Crago Mill Precinct project is due for completion mid-2026.

Operating Result by Fund

Income from Continuing Operations	General Fund	Sewer	Water	Domestic waste management	Stormwater Management	Total
Rates and Annual Charges	\$16,552,996	\$2,875,956	\$2,273,068	\$2,276,000	\$60,000	\$24,038,021
User charges and fees	\$3,536,917	\$144,000	\$2,736,822	\$0	\$0	\$6,417,739
Grants and contributions provided for operating purposes	\$12,853,310	\$0	\$0	\$0	\$0	\$12,853,310
Grants and contributions provided for capital purposes	\$2,575,000	\$257,988	\$2,062,769	\$0	\$0	\$4,895,757
Interest and Investment Income	\$884,911	\$198,676	\$235,402	\$0	\$0	\$1,318,989
Other Revenues	\$463,690	\$0	\$0	\$0	\$0	\$463,690
Other Income	\$739,627	\$0	\$12,000	\$0	\$0	\$751,627
Net gain/loss from the disposal of assets	\$1,000,000	\$0	\$0	\$0	\$0	\$1,000,000
Total Income from Continuing Operations	\$38,606,452	\$3,476,620	\$7,320,061	\$2,276,000	\$60,000	\$51,739,133

Expenses from Continuing Operations	General Fund	Sewer	Water	Domestic waste management	Stormwater Management	Total
Employee benefits and on-costs	\$12,973,349	\$648,219	\$883,961	\$905,390	\$175,706	\$15,586,624
Materials and services	\$12,803,310	\$1,012,213	\$2,441,502	\$1,883,618	\$50,000	\$18,190,643
Depreciation, amortisation and impairment of non-financial assets	\$7,826,508	\$927,552	\$1,715,784	\$108,180	\$234,108	\$10,812,132
Borrowing costs	\$2,454,567	\$143,770	\$431,985	\$0	\$0	\$3,030,322
Other Expenses	\$1,066,847	\$0	\$0	\$0	\$0	\$1,066,847
Total Expenses from Continuing Operations	\$37,124,581	\$2,731,754	\$5,473,232	\$2,897,188	\$459,814	\$48,686,569

Operating result from Continuing Operations	\$1,481,872	\$744,866	\$1,846,829	-\$621,188	-\$399,814	\$3,052,564
Operating result before grants and Contributions for Capital Purposes	-\$1,093,128	\$486,878	-\$215,940	-\$621,188	-\$399,814	-\$1,843,192

Operating Result by Service Area

Income from Continuing Operations	Corporate & Community	Infrastructure & Asset	Planning & Environment	Total
Rates and Annual Charges	\$14,194,614	\$9,843,406	\$0	\$24,038,021
User charges and fees	\$176,480	\$4,700,653	\$1,540,606	\$6,417,739
Grants and contributions provided for operating purposes	\$2,911,311	\$9,778,500	\$163,500	\$12,853,310
Grants and contributions provided for capital purposes	\$0	\$3,163,757	\$1,732,000	\$4,895,757
Interest and Investment Income	\$884,911	\$434,078	\$0	\$1,318,989
Other Revenues	\$58,247	\$353,443	\$52,000	\$463,690
Other Income	\$0	\$751,627	\$0	\$751,627
Net gain/loss from the disposal of assets	-\$240,000	\$1,240,000	\$0	\$1,000,000
Total Income from Continuing Operations	\$17,985,563	\$30,265,464	\$3,488,106	\$51,739,133

Expenses from Continuing Operations	Corporate & Community	Infrastructure & Asset	Planning & Environment	Total
Employee benefits and on-costs	\$4,324,213	\$8,302,330	\$2,960,080	\$15,586,624
Materials and services	\$4,674,846	\$12,285,123	\$1,230,674	\$18,190,643
Depreciation, amortisation and impairment of non-financial assets	\$8,168,796	\$2,643,336	\$0	\$10,812,132
Borrowing costs	\$2,454,567	\$575,756	\$0	\$3,030,322
Other Expenses	\$207,647	\$840,000	\$19,200	\$1,066,847
Total Expenses from Continuing Operations	\$19,830,070	\$24,646,545	\$4,209,954	\$48,686,569

Operating result from Continuing Operations	-\$1,844,507	\$5,618,919	-\$721,849	\$3,052,564
Operating result before grants and Contributions for Capital Purposes	-\$1,844,507	\$2,455,163	-\$2,453,849	-\$1,843,192

Operating Result by Service Area – Corporate & Community

Income from Continuing Operations	Customer Services	ICT	Community & Economic Development	Library	Organisation Development	Corporate, Governance & Risk	Finance
Rates and Annual Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$14,194,614
User charges and fees	\$0	\$0	\$164,220	\$12,260	\$0	\$0	\$0
Grants and contributions provided for operating purposes	\$0	\$0	\$212,647	\$110,121	\$0	\$0	\$2,588,543
Grants and contributions provided for capital purposes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest and Investment Income	\$0	\$0	\$0	\$0	\$0	\$0	\$884,911
Other Revenues	\$0	\$0	\$0	\$0	\$16,000	\$42,247	\$0
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net gain/loss from the disposal of assets	\$0	\$0	\$0	\$0	\$0	\$0	-\$240,000
Total Income from Continuing Operations	\$0	\$0	\$376,867	\$122,381	\$16,000	\$42,247	\$17,428,068

Expenses from Continuing Operations	Customer Services	ICT	Community & Economic Development	Library	Organisation Development	Governance & Risk	Finance
Employee benefits and on-costs	\$446,391	\$402,970	\$518,624	\$357,688	\$421,391	\$1,335,352	\$841,797
Materials and services	\$378,024	\$990,700	\$242,360	\$115,379	\$578,745	\$1,519,139	\$850,500
Depreciation, amortisation and impairment of non-financial assets	\$0	\$0	\$0	\$0	\$0	\$0	\$8,168,796
Borrowing costs	\$0	\$0	\$0	\$0	\$0	\$0	\$2,454,567
Other Expenses	\$0	\$0	\$142,647	\$0	\$0	\$0	\$65,000
Total Expenses from Continuing Operations	\$824,415	\$1,393,670	\$903,631	\$473,067	\$1,000,136	\$2,854,491	\$12,380,660

Operating result from Continuing Operations	-\$824,415	-\$1,393,670	-\$526,764	-\$350,686	-\$984,136	-\$2,812,244	\$5,047,409
Operating result before grants and Contributions for Capital Purposes	-\$824,415	-\$1,393,670	-\$526,764	-\$350,686	-\$984,136	-\$2,812,244	\$5,047,409

Operating Result by Service Area – Infrastructure & Asset

Income from Continuing Operations	Facility & Waste Assets	Water & Wastewater	Maintenance Delivery	Engineering Services	Roads Delivery
Rates and Annual Charges	\$4,634,382	\$5,149,024	\$0	\$0	\$60,000
User charges and fees	\$1,033,331	\$2,880,822	\$726,500	\$60,000	\$0
Grants and contributions provided for operating purposes	\$0	\$0	\$0	\$50,461	\$9,728,039
Grants and contributions provided for capital purposes	\$0	\$2,320,757	\$0	\$0	\$843,000
Interest and Investment Income	\$0	\$434,078	\$0	\$0	\$0
Other Revenues	\$328,443	\$0	\$0	\$25,000	\$0
Other Income	\$739,627	\$12,000	\$0	\$0	\$0
Net gain/loss from the disposal of assets	\$1,240,000	\$0	\$0	\$0	\$0
Total Income from Continuing Operations	\$7,975,784	\$10,796,681	\$726,500	\$135,461	\$10,631,039

Expenses from Continuing Operations	Facility & Waste Assets	Water & Wastewater	Maintenance Delivery	Engineering Services	Roads Delivery
Employee benefits and on-costs	\$1,735,512	\$1,532,180	\$1,754,931	\$1,014,750	\$2,264,958
Materials and services	\$2,279,487	\$3,453,715	\$2,015,350	\$71,250	\$4,465,320
Depreciation, amortisation and impairment of non-financial assets	\$927,552	\$1,715,784	\$0	\$0	\$0
Borrowing costs	\$0	\$575,756	\$0	\$0	\$0
Other Expenses	\$840,000	\$0	\$0	\$0	\$0
Total Expenses from Continuing Operations	\$5,782,552	\$7,277,434	\$3,770,281	\$1,086,000	\$6,730,278

Operating result from Continuing Operations	\$2,193,232	\$3,519,247	-\$3,043,781	-\$950,539	\$3,900,761
Operating result before grants and Contributions for Capital Purposes	\$2,193,232	\$1,198,490	-\$3,043,781	-\$950,539	\$3,057,761

Operating Result by Service Area – Planning & Environment

Income from Continuing Operations	Development Control	Environmental Services	Strategy Planning	Recreation Asset
Rates and Annual Charges	\$0	\$0	\$0	\$0.00
User charges and fees	\$1,061,806	\$322,800	\$156,000	\$0.00
Grants and contributions provided for operating purposes	\$0	\$113,500	\$50,000	\$0.00
Grants and contributions provided for capital purposes	\$0	\$0	\$1,512,000	\$220,000
Interest and Investment Income	\$0	\$0	\$0	\$0.00
Other Revenues	\$0	\$52,000	\$0	\$0.00
Other Income	\$0	\$0	\$0	\$0.00
Net gain/loss from the disposal of assets	\$0	\$0	\$0	\$0.00
Total Income from Continuing Operations	\$1,061,806	\$488,300	\$1,718,000	\$220,000.00

Expenses from Continuing Operations	Development Control	Environmental Services	Strategy Planning	Recreation Asset
Employee benefits and on-costs	\$1,395,030	\$990,453	\$276,864	\$297,733
Materials and services	\$105,950	\$169,224	\$745,500	\$210,000
Depreciation, amortisation and impairment of non-financial assets	\$0	\$0	\$0	\$0
Borrowing costs	\$0	\$0	\$0	\$0
Other Expenses	\$0	\$19,200	\$0	\$0
Total Expenses from Continuing Operations	\$1,500,980	\$1,178,877	\$1,022,364	\$507,733

Operating result from Continuing Operations	-\$439,175	-\$690,577	\$695,636	-\$287,733
Operating result before grants and Contributions for Capital Purposes	-\$439,175	-\$690,577	-\$816,364	-\$507,733

Capital Works - \$38.6m

(\$'000)	Total Cost	Grant & Contribution	External Restricted Reserve	Internal Restricted Reserve	Borrowings	Operating Grants	Net costs to Council
308 - Recreational Assets	941.1	-220.0	-	-	-	-	721.1
Murrumbateman Adventure Playground	594.5	-150.0	-	-	-	-	444.5
Murrumbateman Sports Field Irrigation Installation SCCF 0232	-	-30.0	-	-	-	-	-30.0
Signage Replacement - Sporting Facilities & Park Reserves	5.0	-	-	-	-	-	5.0
Sporting Facilities Internal Road Network Upgrades	200.0	-	-	-	-	-	200.0
Stage 1 'Signage as remote Supervision'	10.0	-	-	-	-	-	10.0
Wee Jasper Reserve Carpark Upgrade Recreational Assets	131.6	-40.0	-	-	-	-	91.6
310 - Local Roads	2,135.6	-	-	-	-	-1,725.6	410.0
5020122 - 2025-26 NSW LGRG Grant	410.0	-	-	-	-	-	410.0
5020126 - 2025-26 RTR Grant Program	999.1	-	-	-	-	-999.1	-
RERRF Local Road Programme	726.5	-	-	-	-	-726.5	-
311 - Local Roads Capital	843.0	-843.0	-	-	-	-	-
Petit/Shaw Street pathways	843.0	-843.0	-	-	-	-	-
320 - Regional Roads	1,767.1	-	-	-	-	-1,767.1	-
5021032 - 2025-26 RTR Grant Program	591.6	-	-	-	-	-591.6	-
5021035 - BLOCK Grant Capital Works FY 25-26	632.8	-	-	-	-	-632.8	-
RERRF Regional Road Program	542.7	-	-	-	-	-542.7	-
342 - Caravan Park	30.0	-	-	-	-	-	30.0
4 Cabin Replacements (32,34,3,4)	30.0	-	-	-	-	-	30.0

(\$'000)	Total Cost	Grant & Contribution	External Restricted Reserve	Internal Restricted Reserve	Borrowings	Operating Grants	Net costs to Council
345 - Cemeteries	65.0	-	-	-	-	-	65.0
Yass Lawn Cemetery Improvement and Expansion works	65.0	-	-	-	-	-	65.0
350 - Property Management	22,826.6	-	-	-	-22,098.7	-	727.8
Annual Fire Safety Statements	50.0	-	-	-	-	-	50.0
Crago Mill Precinct*	22,098.7	-	-	-	-22,098.7	-	-
Old Gas Works EPA monitoring as per VMP & 2 extra wells	150.0	-	-	-	-	-	150.0
Old sale yard remediation	250.0	-	-	-	-	-	250.0
Yass Valley Community Centre Upgrade SCCF5 0232 Buildings	277.8	-	-	-	-	-	277.8
370 – Plant & Equipment	1,500.0	-	-	-1,500.0	-	-	-
Plant Acquisition – Renew & Replace Assets	1,500.0	-	-	-1,500.0	-	-	-
374 – Council Emergency Task / special Event	1,602.9	-	-	-	-	-1,602.9	-
Flood event Oct 22 Emergency Task or Special Events	1,602.9	-	-	-	-	-1,602.9	-
500 – Sewer Network	920.0	-250.0	-360.0	-	-	-	310.0
Integrated Water Cycle Management Plan – Sewer (Capital)	10.0	-	-10.0	-	-	-	-
Laidlaw Street SPS – decommissioning	310.0	-	-	-	-	-	310.0
Sewer Main Upgrade Program (Capital)	150.0	-	-150.0	-	-	-	-
Wastewater Pump Station Upgrade Program (Capital)	100.0	-	-100.0	-	-	-	-
Wastewater Treatment Plant Upgrade Program (Capital)	100.0	-	-100.0	-	-	-	-
Yass STP Augmentation (Capital)	250.0	-250.0	-	-	-	-	-

(\$'000)	Total Cost	Grant & Contribution	External Restricted Reserve	Internal Restricted Reserve	Borrowings	Operating Grants	Net costs to Council
400 – Water Supply Network	5,647.0	-2,045.5	-2,385.0	-	-	-	1,216.5
Developer Servicing Plan (DSP) (Capital)	30.0	-	-	-	-	-	30.0
Integrated Water Cycle Management Plan – Water (Capital)	-	-75.5	-	-	-	-	-75.5
Morton Low Level Reservoir Repair**	2,180.0	-	-2,180.0	-	-	-	-
Telemetry System Upgrade Upgrade – Water (Capital)	140.0	-	-	-	-	-	140.0
Telemetry Upgrade Sewer (Capital)	145.0	-	-145.0	-	-	-	-
Village Water Main Extensions (Capital)	2.0	-	-	-	-	-	2.0
Water Pump Station Upgrade Program (Capital)	210.0	-	-	-	-	-	210.0
Water Reservoir Upgrade Program (Capital)	60.0	-	-60.0	-	-	-	-
Water Reticulation Upgrade Program (Capital)	1,000.0	-	-	-	-	-	1,000.0
Water Reticulation Upgrade-Election Fund (capital)	850.0	-1,040.0	-	-	-	-	-190.0
WTP Improvement (Capital)***	100.0	-	-	-	-	-	100.0
WTP Upgrade Pre-Design and Tender Management	930.0	-930.0	-	-	-	-	-
601 – General Waste Management	304.5	-	-	-	-	-	304.5
Landfill Closure	50.0	-	-	-	-	-	50.0
Murrumbateman Landfill Closure Stage 2	104.5	-	-	-	-	-	104.5
Transfer Station Improvements Yass and Murrumbateman	150.0	-	-	-	-	-	150.0
Sub – Total	38,582.7	-3,358.5	-2,745.0	-1,500.0	-22,098.7	-5,095.6	3,784.9
Developer Contribution Plan – S7.12 & S7.11	-	-1,512.0	1,512.0	-	-	-	-
400171181 – Water Supply Network – s64 Contributions	-	-17.2	17.2	-	-	-	-
500171181 – Sewer Network – s64 Contributions	-	-8.0	8.0	-	-	-	-
Total	38,582.7	-4,895.8	-1,207.8	-1,500.0	-22,098.7	-5,095.6	3,784.9

* Cargo Mill Precinct project is multi-year project. Total project cost is approximately \$50 million

** Morton Low Level Reservoir is a multi-year project. Total project cost is approximately \$7.9 million

*** WTP Improvement is a multi-year project. Total project cost is approximately \$38 million

Cash Reserves

Council forecasts a cash reserve balance of \$29 million at the end of the 2025/26 financial year. Cash reserves are broken into external restrictions, internal restrictions and unrestricted.

External restrictions are for a specific use by Council due to a restriction placed by legislation or third party contractual agreement i.e. Grants, Section 64 Contributions. Internal restrictions are not subject to external restrictions and are generally reserved for future commitments i.e. asset renewal funds, employment leave entitlements.

Unrestricted cash is used for the immediate cashflow requirements of Council's operating revenues and expenditure.

Cash Reserves	Estimated Balance at 30 June 2025	Movement	Estimated Balance at 30 June 2026
Cash, Cash Equivalents & Investments	34,119,135	-5,099,333	29,019,802
Representing:			
External Restrictions	30,466,805	-1,979,762	28,487,043
Internal Restrictions	9,350,000	0	9,350,000
Unrestricted	-5,697,670	-3,119,571	-8,817,241

Cash reserves identify unrestricted cash to be negative meaning Internal Restrictions are being accessed to provide cashflow for Council's operating expenses.

Noting this and references to Financial Sustainability in the Long Term Financial Plan, council needs to undertake a review of cost attribution across all funds. This work will result in true costs being attributed from Externally Restricted Funds to the General Fund that will improve the unrestricted cash position.

Financial Sustainability

Financial sustainability is a key area of focus for Council, outlined in the Community Strategic Plan and Delivery Program.

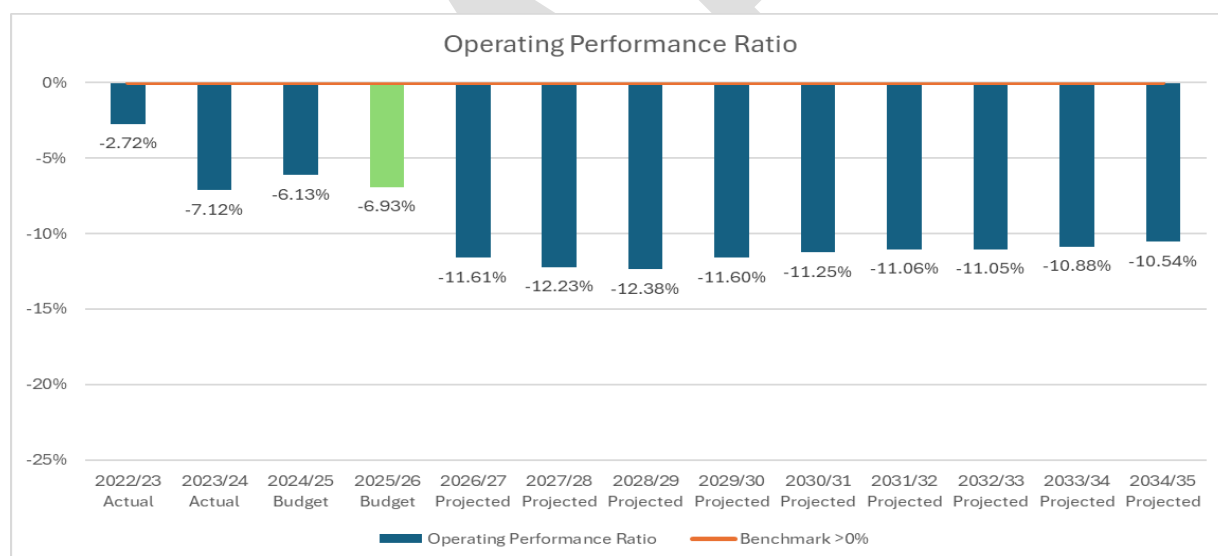
Council is measured against the performance measures and benchmarks set by the Office of Local Government. Long term financial plans also ensure that Council is monitoring and planning for the 10 years and can maintain long term financial sustainability.

The Key Performance Indicators, presented in this document, are an extract of the position and projections outlined in Council's "2025-35 Long Term Financial Plan". A position that is not sustainable in the longer term.

The "2025-35 Long Term Financial Plan" outlines the need for the development of a "Financial Sustainability Strategy" and a number of measures to be contained within this strategy.

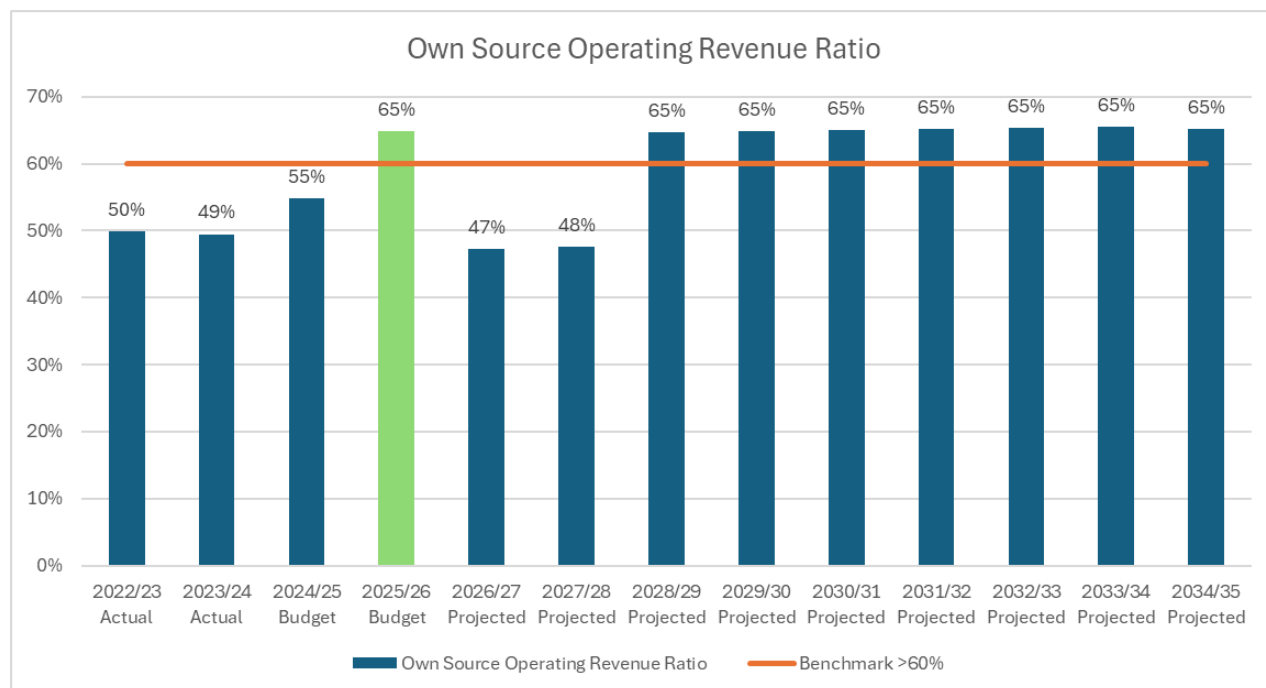
Operating Performance Ratio

The operating performance ratio measures how well Council contains its expenditure within its operating revenue. The benchmark set by OLG is greater than zero per cent. Council does not meet this benchmark for the 2025/26.



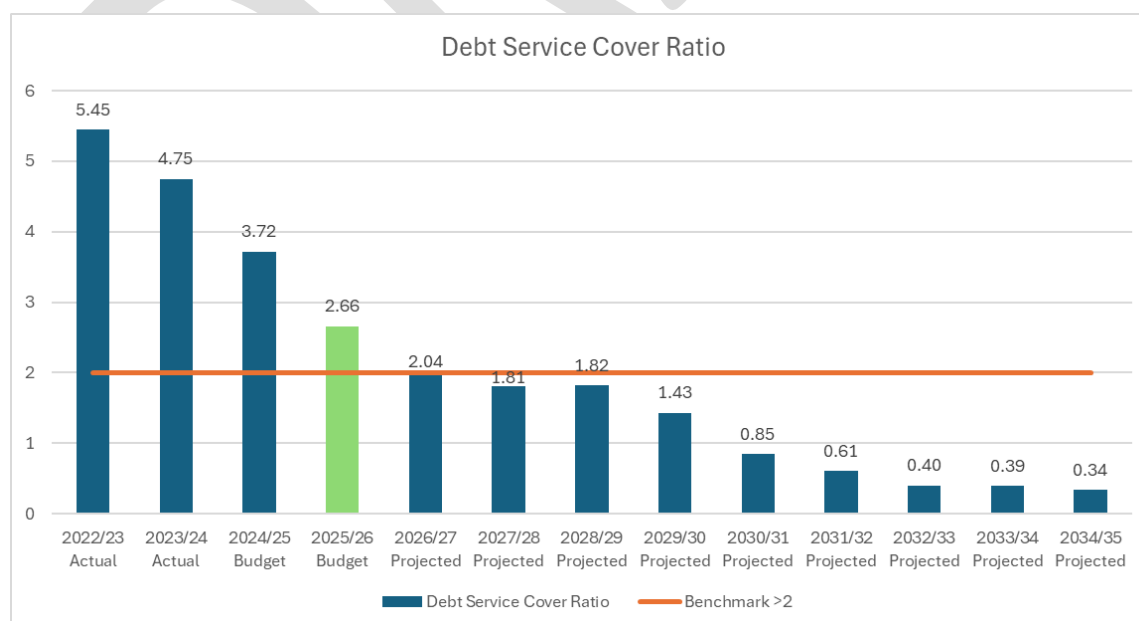
Own Source Revenue

The own source revenue ratio measures Council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent. Council meets this benchmark for the 2025/26 budget year.



Debt Service Ratio

The purpose of this ratio is to measure the availability of operating cash to service debt including interest and principal repayment. Council is above the benchmark for the 2025/26 budget year.



Long Term Operating Result

Over the 10-year long term financial plan, Council can't maintain its Operating Income to its Operating Expenditure, showing that Council will not be financial sustainable in the long term.

